ensure that African nations share with us the benefits of globalization. We've also continued our efforts to strengthen and spread democracy and freedom around the world.

Finally, we discussed a number of political issues of critical importance to our nations, including Bosnia, the Middle East, and Hong Kong. Next week will represent an historic moment as Hong Kong returns to Chinese sovereignty. We reaffirmed our strong interest in Hong Kong's future and our shared conviction on the importance of China's adherence to its commitments under the 1984 agreement. We appreciate in particular the devotion that Prime Minister Blair and his government attach to this endeavor.

As we worked together to promote the progress of market democracies, we reaffirmed our intention to ensure that those states that stand outside our community, such as Iran, Iraq, and Libya, fully adhere to the fundamental norms we all agree should guide us into the next century.

We leave Denver renewed by our strength, the strength, of our common efforts to prepare our people to succeed in the global economy and the global society of the 21st century. Again, let me thank my fellow leaders for their extraordinary work. I think it's been a very good summit. And again I thank the people of Denver and Colorado for their hospitality.

Thank you very much.

NOTE: The President spoke at 12:58 p.m. at the Denver Public Library. In his remarks, he referred to Harold Ickes, Director of Summit Affairs, and Debbie Willhite, Executive Director of the summit.

The President's News Conference in Denver

June 22, 1997

The President. Thank you very much. Please be seated. Let me say I have a brief opening statement, and then I will open the floor to questions. I know we also have some members of the international press here, and I'll take several questions from the American press first, and then I'll try to alternate a bit. And I think I have a general idea of where everyone is.

Let me begin by saying that over the past 4 years I have worked with our partners in these summits to focus the major industrial democracies of the world on both the opportunities and the challenges that we face as we move toward the 21st century. Together, we worked to prepare our economies to meet new transnational threats to our security, to integrate new partners into our community of free market democracies.

The summit communique I summarized just a short while ago demonstrates that here in Denver we have actually made real progress on problems that matter to our people. To prevent financial crises from one country from sending shockwaves around the world, something we have seen on two different occasions in the last few years, we've strengthened our network of banking and market officials to monitor financial policies and police risky practices.

We moved forward in our fight against new security threats that confront all our people. We intend to step up our collective efforts against the growing international problem of high-tech and computer-related crime. We agreed to work more closely to stem the spread of materials of mass destruction that could be used in terrorist attacks. To help ensure that, as we dismantle nuclear weapons, dangerous materials don't fall into the wrong hands, we'll tighten control on plutonium stockpiles and establish a rapid response network to prevent nuclear smuggling.

Together, we've begun to tackle another very dangerous threat we'll all face together in the years ahead: infectious diseases that can span the planet in the space of an airline flight. We've agreed to create a global early warning system to detect outbreaks and help us to get the right medicines where they're needed quickly.

And in all of these efforts, we believe we are stronger because we now have Russia as a partner. I'm pleased that for the first time Russia took part in our summit from the start and that this week we reached agreement on Russia's joining the Paris Club for creditor nations—evidence of Russia's emergence as a full member of the community of democracies.

The progress we've made here in Denver demonstrates again what I have said so many times in the last 5 years. In this new era, foreign policy and domestic policy are increasingly intertwined. For us to be strong at home, we must lead in the world. And for us to be able to lead in the world, we must have a strong and dynamic economy at home and a society that is addressing its problems aggressively and effectively.

To continue that path, let me say, there are some things we have to embrace on the homefront and on the international front. First, Congress must pass a balanced budget plan consistent with the agreement we made and with our values. The balanced budget must include a tax cut that is as fair as possible to middle class families and meets their real needs, providing help for education, for childrearing, for buying and selling a home. I will also insist that any tax cut be consistent with a balanced budget over the long run. We cannot afford time-bomb tax cuts that will explode in future years and undo our hard-won progress.

This will be a crucial test of our will to continue the economic strategy that has produced American prosperity in the last few years: balancing the budget and investing in our people as we move into a new century.

Second, after our own Independence Day, I will travel abroad for a NATO summit where we'll take a historic step to lock in freedom and stability in Europe. In Madrid, we'll invite the first of Europe's new democracies to join our alliance, to advance our goal of building a continent that is undivided, democratic, and at peace for the first time in history.

Third, we'll move ahead with our leadership of the world economy and with the obligations and the opportunities that come with it. I urge Congress to vote next week to continue normal trade relations with China so that we can maintain our ties with one-quarter of the world's people, advance human rights and religious freedom there, continue our cooperation for stability on the Korean Peninsula and to prevent the spread of weapons of mass destruction, and keep Hong Kong's economy strong as it reverts to Chinese sovereignty.

Then I will ask Congress for the fast-track authority that every President for two decades has had, to negotiate smart new trade agreements so that we can open new markets in Latin America and Asia to American goods and services to complement the African initiative I announced just a few days ago.

In closing, let me again thank the thousands of people who put this summit together for their hard work. I thank the people of Denver for the warmth of their hospitality, the power of their optimism, and the strength of their example. And especially I want to thank Harold Ickes and Debbie Willhite and our whole team for all the work that they have done over the last several months.

And now I'll be happy to take questions. And I think we'll start with Ken [Ken Bazinet, United Press International].

Bosnia

Q. Mr. President, in the last year there have been various efforts led by the United States to try and move the Balkan States, the former Yugoslav States, into adhering to the Dayton accord. Can you tell us why you believe this summit is, in fact, going to move those leaders to do that? And also, while you have said to try and focus on what's taking place now, can you tell the American people whether or not the U.S. troops will remain in the former Yugoslavia beyond June 1998?

President Clinton. Well, I will reiterate American policy on that. Our policy is that the SFOR mission should be completed by June of '98, and we expect it to be. But to answer your first question, which is the far more important one, I made it very clear that I think that we have all made a terrible mistake, in dealing with Bosnia, to spend all of our time focusing on June of '98 instead of focusing on tomorrow and the day after tomorrow and the day after that.

We have seen some successes in Bosnia not only in the work done by IFOR and SFOR and the absence of bloodshed but in the recent—just in the last few days we've had the Serbs agreeing to proceed with the setup of common economic institutions and to do other things which will make them eligible for economic aid. We expect there to be local elections—Madam Agnelli from

Italy is doing a good job in raising the money there to conduct these local elections.

And what I urge the parties to do and what our statement reflects here is our determination to spend the next year trying to implement the Dayton accords, and taking each of the seven areas—there are roughly seven areas of activity where Dayton is critical to pulling this together—and try to make headway on all fronts, and especially on the economic front.

We have pledged a lot of money, but we need to release the money as soon as it's pledged if the parties commit to do what they're supposed to do. And I'm convinced that this whole thing is always going to be a race against time and hatred and limitations, to try to get people to feel and visualize the benefits of peace and living together.

I'm not ready to give up on Dayton. I believe in it. And I feel that you will see over the next several months a number of specific examples where the people who are in the Group of Eight are trying to energize this peace process.

Terry [Terence Hunt, Associated Press].

Middle East Peace Process

Q. Mr. President, the communique says that the Middle East peace process faces crisis and that you're determined—all the leaders are determined to reinject momentum into it. The United States has tried. Egypt has recently tried. Yet, the process remains stalled on all fronts. What is it that the United States and all the partners here can do to reinvigorate this process to get things going?

The President. Well, first, let me emphasize something. You should never believe that just because you don't see high-level air transport between Washington and the Middle East that nothing is going on from our point of view. We spend—I spend quite a bit of time on this every single week. And I'm very concerned about what's happened.

But let me say, in a nutshell, here's what we have to find a way to do: We have to find a way to persuade the Palestinians that there is a basis for returning to the negotiating table and that all the final status issues are not going to be resolved out from under them. But we also have to find a way to persuade the Israelis that the Palestinians are serious about security.

In other words, the Palestinians will have to return to security cooperation with the Israelis and will have to manifest an opposition that is clear and unambiguous to terrorism, the unauthorized injury or murder to innocent civilians, and to continuing the peace process. The Israelis, for their part, have got to find specific things that can be done that show that there's a commitment to Oslo in fact, not just in words, and a commitment to getting this process going.

Now, there are several different potential scenarios that might achieve that, and we've been working very hard on trying to figure out what the most effective way to do it is.

For all of us who are outsiders, including the United States, it is not always self-evident what the most effective way to exercise whatever influence you have is. And I am prepared to do anything I reasonably can to keep this peace process from going awry. I think that it's in a pivotal moment, and I think that all of the friends of Israel and the Arab States and the Palestinians need to bear down and do what we can to persuade these people that they need to get back to the work of the peace process.

Gene [Gene Gibbons, Reuters].

China and Hong Kong

Q. Mr. President, even before next week's reversion of Hong Kong to Chinese sovereignty, there are some ominous signs that China plans to roll back some of the rights and freedoms that the people of Hong Kong now enjoy. I know that the communique here in Denver addressed that issue, but what can the United States and the other industrial democracies do if China fails to deliver on the 1984 agreement?

The President. It's interesting, we spent a lot of time talking about that this morning, and mostly we were listening to Prime Minister Blair, who obviously has the highest level of knowledge about this and the deepest experience, and a lot of personal involvement with Hong Kong, I might add.

Our sense is that, obviously, we don't exactly know what will happen, but that we have all committed to work with the British to try to continue to insist on and preserve

the integrity of the '84 agreement, and we also do not want to assume the bad faith of the Chinese. I think that would be an error. China made a commitment in 1984, and they asked our country when President Reagan was in office to actually bless or endorse the commitment when China and Great Britain made the commitment to have one China, but two systems. And that definition clearly included political as well as economic differences.

You know, I hate—I don't like to answer hypothetical questions, and I think anything we do will only make it worse. I think what we want to do is to encourage the Chinese to remember they have a unique, almost unprecedented place now that is reverting to their sovereignty, and that part of the fabric of what makes Hong Kong work is not just open markets and industrious people and a haven of hope for people who flee the lack of opportunity and often oppression elsewhere but a lively and open society. And it needs to be maintained, and I hope that it will be.

Yes, Ann [Ann Compton, ABC News].

Proposed Tobacco Agreement

Q. When the tobacco deal was announced, you indicated you'd be listening for reactions from some, like Dr. David Kessler, who said this morning that he finds, in reading the fine print, that there are some hurdles, some impossible burdens. And he called parts of it a step backwards. Is there some way you can assure people that this agreement will not simply be proposed and then die? Is there something your administration can do to follow through to make sure that this represents a time of real change for the tobacco industry?

The President. Yes—I think the answer to that is yes. And let me say, obviously, I have not, myself, had a chance to review this in any detail. Bruce Lindsey has briefed me on its major provisions, and that's why I asked to have the chance to have it reviewed. I don't think any of us—at least, I hope none of us are reviewing it with the view toward either saying we're going to embrace it or kill it, and there's no other opinion.

I was impressed by some of the comments of Members of Congress in both parties that they were hoping that if they couldn't completely embrace it, that at least it could be salvaged; and by Attorney General Moore from Mississippi, who said that he thought the agreement would come apart if what he called—I think he said—radical changes or something were made in it, which would undermine its fundamental understandings.

But I think—here's bottom line for me: When two sides make an agreement—an honorable, principled agreement—they obviously both conclude that it's in their interest to make the agreement. And what we have to—those of us who are on the outside of this who represent the public interests have to do is to make sure that those things which made the tobacco interests conclude that it was in their interest to make the agreement do not compromise or undermine our obligation and our opportunity to protect the public health and especially children's health and reduce child smoking.

Now, that will particularly bear on the specific language relating to the jurisdiction of the Federal Food and Drug Administration and exactly what it means. And I just urge you all to read it carefully. We're going to be reading it carefully. And we're going to read it carefully against what the tobacco companies have already admitted about the addictive qualities of nicotine and what was known.

So you have to not only look at the legal language, but you have to look at the factual basis that's out here. We're going to work through. But I can tell you, I'm going to do my best to see that this whole endeavor, which is massive, results in something positive for the American people. But we have to have those tests: public health, child smoking.

George [George Condon, Copley News Service].

Q. Mr. President——

The President. Just a minute, just a minute. I called on this man; then I'll call—just hold on.

NATO

Q. Mr. President, as you prepare to leave for Madrid, NATO is undergoing a rather public division over the number of nations that should be asked to join. Were you able

to bridge the gap here at all with President Chirac or the Prime Minister of Italy? And secondly, do you see any lasting damage to the alliance from this split?

The President. I think my answer would be no to both questions. That is, we still have differences of opinion about whether in the first round there should be three or five nations admitted, or some favor four. But I do not expect it to do lasting damage to the alliance, if—this is a big ''if''—we maintain the integrity of the process we set up; that is, if we say this is not the first entrance, there will be an open door, and if we continue to intensify the work of the Partnership For Peace, which has been wildly popular with all its members, and we have an extra outreach to those who are good prospective members.

For example, if you just take the two countries in question, Romania and Slovenia, I believe that they are excellent candidates for admission to NATO membership if they stay on the path of reform and they continue to build up their partnerships with us militarily through the Partnership For Peace, preserve democracy. Romania has resolved its problems with Hungary, has two Hungarians in the Cabinet. It's the second biggest country in Central and Eastern Europe. Slovenia is a key nation geographically, if for no other reason, between Italy and some of the other countries in Europe and Hungary and some of the difficult spots that we're likely to have trouble in.

So I think that there is not as much difference over where we think this will be 10 years from now as there is how we should proceed now. And I'm hoping we can resolve these things. I'm confident that our position is the prudent, the disciplined, and the right one for this military alliance at this moment. But I don't think we should in any way discourage or dash the hopes of two countries that clearly are moving in the right direction and strategically located in an area where it will be very important for NATO to maintain stability in the years ahead.

Now go ahead.

North Korea

Q. Mr. President, 2 days ago the representative for the Red Cross in Pyongyang announced that there were about 5 million North Koreans in imminent danger of starvation. I was wondering if this issue was discussed at the meetings in the last 2 days and if you, as chairman of the G–7, cannot mobilize the other countries to contribute what is necessary and to create the logistical means of getting it to North Korea before a catastrophe hits.

The President. Yes, I discussed this actually personally, one on one, with a number of the leaders. And the United States has pledged more food aid to North Korea. I am very concerned about it as an humanitarian matter, and I believe you will see more action on this front. And I'm certainly committed to doing it; I'm deeply troubled.

And I also would say that in addition to that, we're hopeful that the latest statements by the North Koreans indicating that we can have a meeting to discuss how to get into the four-party talks with the Chinese and the South Koreans—that's also very hopeful. But I'm profoundly troubled by the reports that I have read about the scope of human suffering in North Korea. And whenever we've been asked, we've come up with some more food. But I'd like for us to do more, and I think you'll see these other countries willing to do more as well.

John [John Donvan, ABC News].

China

Q. Mr. President, your administration has been criticized for cutting China a break in terms of how you deal with it, using a policy of constructive engagement, that there's a double standard. You are tougher on other countries for similar transgressions but with China, you think talk is best. The basic criticism comes down to the notion that for the sake of trade, the administration will compromise its principles. Can you respond to that, please?

President Clinton. Yes. I don't think it's fair. For example, if you look at our policy toward Burma which, unlike China, had a democratically elected government and reversed it, and represents the most severe abuses of political and civil rights that we've dealt with recently, in terms of our actions, we've been for sanctions against Burma, but we haven't repealed MFN.

And when you look at China, we still have Tiananmen Square sanctions on China that we haven't gotten rid of. We have given up a lot of business in China, clearly—and they've made it clear that we have—by continuing to press our human rights concerns in the human rights forum. What we don't believe would be fruitful is to withdraw normal trading status from China—something we have with virtually every country in the world—in a way that would estrange us further from them, prevent us from working together on problems like North Korea, weapons proliferation, and other issues, and endanger the ability of the United States to be a partner with China in the 21st century. That's what we don't believe.

We have paid quite a price from time to time for our insistence on advancing human rights. I just don't think taking normal trading status away from them is much of a way to influence them over the long run. I think it's a mistake.

Wolf [Wolf Blitzer, CNN].

Medicare

Q. Mr. President, Senate Finance Committee, including the Democrats, by and large, supported legislation they want you to sign that would do two very dramatic things to Medicare, raise the eligibility age from 65 to 67 and impose what's called means testing, making sure that millionaires and richer Medicare recipients pay more for the premiums than poorer Medicare recipients. Could you tell us specifically right now how you will come down on these two very sensitive, politically sensitive issues?

The President. Well, let's take them differently—separately. First of all, both of them are clearly outside the budget agreement. And if—because I felt so strongly about honoring the budget agreement, I did not try to help the advocates of the Kennedy-Hatch bill pass their child health plan, even though I strongly support it. I didn't try to help them pass it because I wanted to honor the budget agreement. So I think I can be forgiven for asking that other people honor the agreement if they voted for it. Now, if any of these Senators didn't vote for it, I can't expect them to honor it. But if they voted for it, it was very specific. And that's what concerns me about it.

Now, let's take them independently on their merits, because I wouldn't say that the administration and the leaders of both parties in Congress couldn't come back during the course of this endeavor and agree, in effect, that this should be considered as consistent with the budget agreement—not this issue, but just any particular issue. So let's take these two issues.

Number one, on the question of raising the eligibility for Medicare from 65 to 67, when that was done on a phase-in basis for Social Security back in '83, I supported that, on the grounds of increased life expectancy, changing demographic balance, and because it was part of a bipartisan process. My question here would be, apart from the fact that it's outside the agreement, is, do we know that this would not lead to increased numbers of people without any health coverage? Has there been sufficient study here? Do we really have adequate evidence that we won't have increasing numbers of people without health insurance?

On the means testing for—not for the premiums, but for the co-pays, which is what was done in the case of the cash—I have said repeatedly that, philosophically, I was not opposed to means-testing Medicare. And I told Senator Lott that on the phone the other day. What my concerns are, are the following:

Number one, it's outside the agreement. Number two, we have an agreement which has a lot of reform in Medicare and will realize $400 billion worth of savings and put 10 years on the Trust Fund right now. And will this imperil it because people will be opposed to it? Or would this endanger the whole Medicare deal in the House, for example, where I have reason to believe, based on our preliminary negotiations over the budget agreement, that there would be broad opposition in both parties? Thirdly, Mr. Reischauer and others have said that this particular proposal is probably not capable of being administered, that there are a lot of practical problems with it.

So again I say, I have said to leaders of both parties and to the American people, I want to take care of more of the long-term

problems of the entitlement, both Social Security and Medicare. I am amenable to doing it in any bipartisan process. I have the specific problems I mentioned on these two issues, but the number one thing is, we have got a great budget agreement. We should not alter it unless there is agreement among all the parties who made the budget agreement that it's acceptable to do because otherwise we risk undermining the prize that we have when we could achieve these other objectives as soon as the budget's done in an appropriate bipartisan forum.

Bill [Bill Plante, CBS News] and Mara [Mara Liasson, National Public Radio]. Go ahead. We'll do one, two here.

China

Q. Mr. President, there's a report out today that your administration has chosen to ignore information that China is sending missiles to Pakistan, selling them in contravention of its 1994 agreement, and also helping Pakistan to build a facility to manufacture the missiles. Is it true? If so, why did you ignore it? And will it have any effect on your MFN decision?

The President. Well, first of all, you know I can't comment on intelligence reports or alleged intelligence reports. I would remind you that when we had clear evidence that China was providing ring magnets to Pakistan in ways that we thought were plainly violative of our law and our national interest, we dealt with them about that and were satisfied. And I think it's fair to say that on all these issues we will not overlook them, we will not walk away from them, and we will make appropriate determinations and take appropriate action. The national security of the country is always going to be the most important thing.

Mara.

Proposed Tobacco Agreement

Q. [*Inaudible*]—your initial take on one of the aspects of the tobacco deal. You've said that you're concerned about the ability of the FDA to regulate tobacco as you have proposed allowing it to do in the rule. Can they do that if they have to prove that regulations would not create a black market? Some critics say that's an impossible thing to prove; the deal does require it. And isn't that just giving away the court victory that you just won?

The President. Well, you see, I don't know the answer to that. But it concerned me, because the first thing I thought was, what happens if they go to a zero nicotine ruling, and the technology is available—obviously, the technology has to be available to do it since it's otherwise a legal product—how could you prove there wouldn't be a black market? What's the definition of black market? Is a one percent penetration a black market, or does it have to be 10?

That's why I've been so reluctant to answer these questions. Not—I'll be happy to give you my opinion when I have a chance to study it, but that's why I want to take 30 days and look at this.

I've also—let me tell you, I've been involved in these agreements. It's like this long budget agreement we did. And one of the things I can tell you is, when you're dealing with something with this many complex elements, if you are dealing in complete good faith, and the other side is dealing in complete good faith, it is entirely possible that there were three or four things that were put in here that will have likely consequences that neither side anticipated.

So that's why I would—I know that we're all in a hurry to sort of rush to judgment on this, and I understand that, but that's why we need to take the time to really analyze it and make sure there's not something there that would have an unintended consequence that, for all I know, neither party meant to have.

Peter, I'll take you next. Go ahead. We'll do both of them.

Budget Agreement

Q. Mr. President, you said that you want to avoid time-bomb tax cuts in the budget deal, that you would insist on avoiding them. Would you also insist on including the $500 child care tax credit for the 4 million working families? Is that something that you would insist upon?

And number two, regarding the budget agreement, is it made more difficult to get it done by the Republican infighting?

The President. Let me deal with the questions separately. First of all, on the tax credit, my position is that all working people should be made eligible for it—the Senate bill in that regard is better than the House bill—and that we shouldn't have some other offset, like reducing the child care credit as well as the children's tax credit in the new bill.

I understand the Republicans are arguing because they want to save money on this to pay for the capital gains and the other things that they want. They're arguing that this is, in effect, a welfare thing because you're giving a child care credit to people who aren't paying income taxes—now, that's their argument—because of the other tax credits people are entitled to.

But let's just take the income group they are dealing with, working families with incomes between $22,000 and $25,000. Now, suppose you've got a rookie police officer in a medium-size city in the South, the average entry-level salary is about $23,000, and it's a woman or a man with two kids at home. This police officer is paying Federal taxes, a considerable Federal payroll tax. And to treat—to characterize them as welfare recipients because they would be made eligible for the same help that people making $31,000 a year would get to raise their children, I think is wrong.

So that's an area where we simply have a disagreement. I was encouraged that the Senate moved closer to us than the House. This is something I expect to work out.

On the other question, I wouldn't—do I think we're not going to make an agreement because of reported divisions within Republican ranks? No, I do not expect that to be prohibitive. I think that there was a lot of tension within their caucus, obviously, over this disaster aid bill, but in the end they did the right thing. And the leaders did the right thing. And I think that nobody likes to go through that and have your position not prevail. And so that was understandable.

But I think as time passes, they will see that their leaders did the right thing and that the country is better off and that we're moving in the right direction. So I don't expect splits to paralyze us.

Peter.

Proposed Tobacco Agreement

Q. Sir, I'd like to ask you about an aspect of this tobacco deal where you do have some expertise, the legal aspect. What's your view of this concept of protecting the tobacco industry from lawsuits, from liability? What kind of legal and what kind of constitutional precedents would that set?

The President. Well, as I understand it, it does not protect them from liability for actual damages. It protects them from liability for past punitive damages, and still permits punitive damages if there is misconduct from the date of the agreement forward.

Now, in the law, the purpose of punitive damages is to deter future destructive behavior. And the concept of punitive damages is provided not because the person suing is entitled it because of his or her injuries but because you think the injuries are not enough—compensating this person is not enough to take the profit out of whatever antisocial conduct and illegal conduct the defendant was engaging in. So you enable—you have punitive damages to take the sting out of it.

The people negotiating on behalf of the public—the attorneys general and the lawyers—as I understand it, got another $20 billion or so—Mike Moore described what it was—in a kind of advanced penalty fund—say, we're going to make you pay up front for the things you've done wrong. And that's how they—in the last few weeks, the agreement went from involving about $300 and something billion to almost $370 billion.

So, that—I think—I can't answer your question except to say I'll sit down there, and I'll try to evaluate that. I will evaluate—it's an unusual and unique resolution. They got several billion dollars more out of the tobacco companies than they had been talking about getting. Can you have, in effect, an advance payment for punitive damages? Does it sort of—does that, plus all the other things that would be good from a consumer's point of view and the public's point of view, would that be enough to kind of offset the troublesome areas?

You and this man and then—[*inaudible*]—the three of you—I'll take you real quick. And then I'll take some foreign journalists back there.

Campaign Fundraising

Q. Mr. President, the hearings on campaign fundraising will begin soon. And a number of key figures—people who worked for you or old friends have either fled the country or have said they would take the fifth amendment. Is there anything you can or should do to get them to come clean?

The President. What we can do is to control what we're asked to do. We tried to be very cooperative, and all that we have asked is that the hearings be fair and bipartisan. And if they are, I think they'll serve a valid public purpose.

Go ahead.

China

Q. President Clinton, some of the critics of your decision to renew most-favored-nation trade status for China say that perhaps watching the transition of Hong Kong should have been taken into consideration before granting that status. Was that ever a consideration? And in your opinion, how realistic is a one-country, two-systems policy?

The President. Well, the answer to the first part of your question is, we have to make this decision now, and I think we should now. This thing will obviously be revisited within a year. I think if we look like we were—again, I would say to you, China is a very large country. It has great ties with the rest of the world. If we were to basically say, the United States believes we can keep you on probation all by yourself, and we're going to see what you do, we're like assuming their bad faith. I think that would be a mistake.

On the one-country, two-systems thing, I think it is realistic, but I think there will be some tensions there. And what we, of course, in the United States hope is that the tensions will steadily be resolved over time in favor of freedom and openness, free speech, personal freedom, and democracy.

But let me remind you, 25 years ago, when President Nixon went to China, or in 1979 when President Carter recognized China and worked out the understandings of how we relate to China and how we would relate to Taiwan—there is plainly a lot more personal freedom and mobility and personal well-being in China today than there was then. In other words, our frustrations with China today are not measured against the standard of 1979 or 1972; they're measured with our deep disappointment and disagreement with 1989 and Tiananmen Square and our lack of success in persuading the Chinese to, in effect, go back to the status quo before Tiananmen Square and keep moving forward.

In the life of a country like China, that's not such a long time. And I'm just not prepared to give up on our engagement policy. So that's all I can say about it.

Bill.

Proposed Tobacco Agreement

Q. Mr. President, now that you have a U.S. tobacco agreement, would you favor and encourage some sort of international regulation of tobacco? And wouldn't this be a good G-7 issue?

The President. Well, it might be. But the problem is, you know, the G-7 nations are not the primary place where the market is growing. I will say this, I hope that other countries around the world that are concerned with their own public health and who have primary responsibility for the well-being of their own people, will look at what we've been trying to do here and ask themselves whether they should take some similar steps if they want to avoid very high death rates, very high disease rates, and enormous social costs.

Could we have a few questions from the international press now? Would someone just stand up over here—anybody from the international press? Go ahead. We'll take a few there. Just stand up and I'll get around to you. Go ahead.

Russia-Japan Territory Dispute

Q. Mr. President, in your meetings here with the leaders of Japan and Russia, did you get the sense that the Northern Territories dispute between those two countries could be resolved? And do you see any U.S. role in that resolution process?

President Clinton. Yes, I think—well, first of all, I think the only appropriate United States role is to try to talk to each party on behalf of the other from the point of view of being friends with both. That is, this is an area where we plainly have no personal,

tangible interest of any kind. We have no territorial interest, we have no financial interest. Our only interest is seeing two friends of ours get along, and trying to stabilize one more—the future of the Asia-Pacific region by removing one more deterrent to an alliance between a free and democratic Russia and our great ally in Japan.

So I have talked to both Prime Minister Hashimoto and President Yeltsin about this on several occasions. They are beginning to talk about it among themselves. They will have to work it out. But, obviously, I'm very hopeful that it can be worked out.

Yes, sir—the gentleman standing there.

Japan-U.S. Trade

Q. Mr. President, I think you have been waiting for too long for Japan's achievement of deregulation and administrative reforms. Could you tell us your opinion, as frankly as possible, on this matter?

The President. Well, I agree with you. [*Laughter*] I agree with you.

Here's the problem we're going to run into with Japan on the trade issue. We have made real progress over the last 4 years in our trading relations with Japan. It's become a real joy to be able to meet and work with Japan where trade was an issue, but not the only issue, and where we really thought we could identify the issues and make progress on them, that there was no big structural war going on, economic war, between the United States and Japan. And I think it has obviously not been bad for Japan either. I think it's been good for both of us.

Now, the Prime Minister has reaffirmed his commitment to a domestic demand-led growth strategy for Japan and has put forward a very ambitious plan for internal reform and deregulation and opening of the Japanese economy. At the same time, he says, quite rightly, that all these advanced economies are going to face serious challenges from the aging of our populations. That's true. You've heard all the questions that were just asked of me about our medical programs. And Japan has an even older population than the United States, aging even more rapidly.

So the decisions by the Japanese Government to try to pursue a path of fiscal austerity driven in part by the desire to prepare for the retirement and the aging of the Japanese population runs the risk of going back to the old export-driven strategy of growth. And we'll just have to work through those two conflicts. We can't tell the Japanese Government or the Japanese people that they can't prepare for the aging of their population. We have to do the same.

On the other hand, I think they know that if we resort—we return to the time when we've got exploding trade deficits, then that will once again move front and center into our relations in a way that won't be good for either country, I don't think.

Yes, sir.

Russia

Q. Mr. President, Russian President Yeltsin has played an important role in the Denver Summit. What's your reading—when will Russia be totally completed into the G–7 circuit as a new member?

The President. Let me say, this year our commitment was to have Russia be a complete member of the Group of the Eight and to have the old G–7 meet only on issues that we had unique responsibility for because of our present financial standing. So I think it's fair that all of us look forward to the day when we don't even have to do that.

But, just for example, we've got this project going on to help Ukraine deal with Chernobyl, and Russia is not responsible for what we committed to do before, nor would it be fair to ask Russia to bear any responsibility for that. So we had to meet and discuss it, and we did. There was nothing secret or esoteric about it; we just had to do what we were required to do, and we did that.

But I think you will see continuing integration of Russia into full partnership. The next thing I want to see is Russia into the WTO, and we're working on that. So we'll just keep working at it, and as long as Russia keeps moving as it is under President Yeltsin, and those reformers and the people of Russia keep supporting the direction they have, I think that you'll see more and more good things ahead.

This gentleman has been here a long time, and then this gentleman, and then we'll move over here.

Q. Mr. President, what do you think? Is Russia now ready economically and politically to be a full member of the eight?

The President. I think, yes, they're ready politically, and ready economically in terms of what's—like the Paris Club membership. But I think there are still some things that the old G–7 have to do that it wouldn't even be fair to ask Russia to participate in, like this Chernobyl thing that I just mentioned. So there will be a smaller and smaller role for the seven as we go forward, and a bigger and bigger role—basically, this time we had a Summit of the Eight, with a small, little afterthought for what the seven still had to do to clean up our old business. But I think that, with great prosperity, I think you'll see any last little dividing line blurring.

Yes, sir. These three gentlemen there are fine. Just take them in any order.

Q. Mr. President, I was wondering, how do you think Russia will change the balance of forces—or maybe I should say, the balance of interests—within the group now that Russia has joined, specifically between U.S. and Europe.

The President. Well, I hope that Russia will change in two ways that I would consider to be immensely positive. One is, I think the participation of Russia here, just like the NATO–Russia Founding Act, increases the chances that we can maintain stability in Europe in the 20th century and that we can deal with any problems that arise like we're dealing with them in Bosnia, to prevent the outbreak of widespread war in Europe.

The second thing I think is very positive is Russia, don't forget, is also a great Pacific power. So in bringing Russia into this partnership along with Japan, you will see a little more emphasis, I think, on what we can do as a group to deal with what's going on in Asia in preserving stability and freedom and opportunity there. So in those ways, I think you'll see the texture of this change.

And you could see it just in the way President Yeltsin operated here at this meeting, where I might say I thought he did an extraordinary job.

Yes, sir.

Bosnia

Q. Mr. President, can you assure us that by the time of the next summit, the main war criminals in Bosnia will finally have been arrested?

The President. I can't promise you that, but I can tell you that's what I support. And I support—generally, I think that it's going to be difficult to implement the full spirit of the Dayton accord unless you see some progress on the war criminals front, number one. And number two, as you may know, I have felt for some time, with so much ethnic and racial and religious and tribal hatred in the world, that there probably should be an international war crimes tribunal that is permanently established and goes forward, because I think that what we see in Bosnia is just one example of a whole set of very serious problems.

This young man in the back has been very patient. Let me take his question.

Summit of the Eight Accomplishments

Q. Good afternoon, Mr. President. My name is Colton Alton. I am a student taking an international course on the summit for the University of Colorado CU On-Line. There are 450 students internationally, from each of the countries. On behalf of the 450 students, what do you feel was the most significant accomplishment with this year's summit?

The President. I think the most significant thing we did here was to commit ourselves to a growth strategy that would include not only our own countries but other countries around the world, and that would be pursued while improving, not undermining, the environment. And that's quite significant.

We've said these things specifically before, but here we said, look, we're coming up to Kyoto where we're all bound to adopt legally binding targets to reduce greenhouse gas emissions. So that means we have to grow our economies while improving our environments, number one.

And then we said, we're going to reach out to Africa, we're going to reach out to the developing countries of Asia and Latin America, that our prosperity depends upon their prosperity.

And to me, I would hope that the students who follow this on-line would look at the world in that way, would see America as a unifying, not a divisive force in the world and would embrace the fact that our prosperity should depend upon others and upon living in harmony with our environment.

I'll take one more—this gentleman here.

North Korea

Q. The communique, just as you said, will test the importance of four-party talks. Why didn't you urge North Korea to participate in the four-party talks?

And I would like to ask you, what is your prospect of the four-party meetings?

The President. Why does the communique not urge North Korea to participate? Is that the question you asked?

Q. Yes.

The President. I would say that it is an oversight and we should have, because I do every time I can. And secondly, I'm fairly optimistic now because North Korea has agreed to participate in a meeting to determine the conditions in which they would meet with the South Koreans and the Chinese and the United States to set out these four-party talks. So I'm fairly encouraged by that.

Go ahead.

China and Taiwan

Q. [*Inaudible*]—over China will definitely try very hard to sell the so-called one-country, two-system formula and hope Taiwan will be on board. And apparently the leaders in Taiwan made it clear that that formula is not acceptable for them. So I wonder what will be the U.S. policy on Taiwan after Hong Kong is turned over, and whether the U.S. will buy this one-country, two-system formula on the issue of Taiwan.

The President. Well, the most important element of United States policy will not change as it relates to Taiwan, and that is that there can be no forcible resolution of that issue, and that while we accept the idea of one China, it has always been our policy, for some years now, as you know, we also—a critical part of that policy is that the people of Taiwan and the people of China must resolve their differences in a peaceable way, agreeable to all.

So that's the only really critical element that we have to reaffirm there. I think the people of Taiwan are going to be—and the leaders of Taiwan will be watching how the Hong Kong transition goes, and I think that their attitude about what their own position should be will probably be affected by that.

Thank you very much.

NOTE: The President's 148th news conference began at 2:25 p.m. at the Colorado Convention Center. In his remarks, he referred to Susanna Agnelli, former Foreign Minister of Italy; Mississippi State Attorney General Michael Moore; Robert D. Reischauer, former Director, Congressional Budget Office; and Prime Minister Ryutaro Hashimoto of Japan.

Remarks to Summit of the Eight Volunteers in Denver

June 22, 1997

The President. Thank you.

Audience member. Teachers love you, Mr. President!

The President. Well, I love the teachers, too, so I thank you very, very much.

Let me say, first of all, my heart is full of gratitude to all of you this afternoon—to my long-time friends Governor and Mrs. Romer; to Mayor and Mrs. Webb for the astonishing work that they have done on this. I thank Lieutenant Governor Gail Schoettler and the other members of the host committee. I want to say a special word of thanks to Donna Goode and Mike Dino for the work they did. Thank you very much. And a special word of thanks to the leaders of our team here, Harold Ickes and Debbie Willhite for the work they did.

I had this idea, when the time came for America to host the summit—you know, the easy thing to do when you host a summit like this is to go to a really big city and put everybody up in a really fancy hotel and go hear the orchestra on Saturday night or something. And I think that's a good thing to do, by the way. But what I was trying to do with this summit—I tried to figure out, where could we have this summit where people could get a flavor of the natural beauty